

1 CHRISTOPHER CELENTINO (131688)

Christopher.celentino@dinsmore.com

2 YOSINA M. LISSEBECK (201654)

yosina.lissebeck@dinsmore.com

3 JACOB R. BOTHAMLEY (319457)

jacob.bothamley@dinsmore.com

4 DINSMORE & SHOHL LLP

5 655 West Broadway, Suite 800

6 San Diego, California 92101

7 Tele: (619) 400-0500

8 Fax: (619) 400-0501

9 Attorneys for Plaintiff Richard A. Marshack,

Trustee of the LPG Liquidation Trust

10 UNITED STATES BANKRUPTCY COURT

11 CENTRAL DISTRICT OF CALIFORNIA – SANTA ANA DIVISION

12  
13 In re

14 THE LITIGATION PRACTICE GROUP P.C.,

15 Debtor.

Case No. 8:23-bk-10571-SC

Chapter 11

Adv. No.

COMPLAINT FOR:

16  
17 Richard A. Marshack, Trustee of the LPG  
18 Liquidation Trust,

19 Plaintiff,

20 v.

21 Edward J. Quiroz, III, an Individual,

22 Defendant.

(1) AIDING AND ABETTING FRAUD

1 For his *Complaint for (1) Aiding and Abetting Fraud*, plaintiff Richard A. Marshack, the  
2 former Chapter 11 Trustee for the bankruptcy estate (“Estate”) of debtor The Litigation Practice  
3 Group P.C. (“Debtor” or “LPG”) and current Liquidating Trustee of the LPG Liquidation Trust  
4 (collectively “Trustee” or “Plaintiff”) in the above-captioned bankruptcy case (“Bankruptcy Case”),  
5 alleges and avers as follows:

6 **Statement of the Case**

7 1. Defendant, Edward J. Quiroz, III (“Defendant”), was, at all relevant times, the  
8 President of CRI System, Inc., a Nevada Corporation (“CRI”), which operated out of Las Vegas,  
9 Nevada.

10 2. CRI was a marketing affiliate of Debtor and received approximately \$536,832.08 (the  
11 “Transfers”) from the Debtor in the four years prior to Debtor’s petition date, March 20, 2023  
12 (“Petition Date”).

13 3. As principal of CRI, Defendant guided CRI’s actions and, as is detailed further  
14 below, aided and abetted Debtor’s fraudulent scheme.

15 **Statement of Jurisdiction and Venue**

16 4. The Court has jurisdiction over this adversary proceeding pursuant to 28 U.S.C.  
17 §§ 157 and 1334 in that this action arises in and relates to the bankruptcy case pending in the United  
18 States Bankruptcy Court for the Central District of California, Santa Ana Division, entitled *In re The*  
19 *Litigation Practice Group, P.C.*, Bankruptcy Case Number 8:23-bk-10571-SC.

20 5. Plaintiff has standing to bring this adversary proceeding pursuant to Provision V.E. of  
21 the Modified First Amended Joint Chapter 11 Plan of Liquidation, confirmed by the Court on  
22 September 9, 2024, as Dk. No. 1646. The Plan provides that the Estate’s litigation claims, including  
23 avoidance claims, were transferred to the LPG Liquidating Trust. Plaintiff brings these claims on  
24 behalf of the Trust.

25 6. This adversary proceeding is a core proceeding under 28 U.S.C. § 157(b)(2)(A), (B),  
26 (E), (H), and (O), and this Court has Constitutional authority to enter a final judgment on these  
27 claims. To the extent any claim for relief contained herein is determined not to be a non-core  
28

1 proceeding or a *Stern*-claim, Plaintiff consents to the entry of final judgment and orders by the  
2 Bankruptcy Court.

3 7. Defendant is notified that Rule 7008 of the Federal Rules of Bankruptcy Procedure  
4 requires Defendant to plead whether consent is given to the entry of a final order and judgment by  
5 the Bankruptcy Court.

6 8. Venue properly lies in the Central District of California in that this adversary  
7 proceeding arises in or is related to a case under Title 11 of the United State Code as provided in  
8 28 U.S.C. §§ 1408 and 1409.

### 9 **Parties**

10 9. The Litigation Practice Group P.C. (previously defined as “Debtor”) is a corporation  
11 organized under the laws of the State of California, that had its principal place of business in Tustin,  
12 California. During all relevant times prior to bankruptcy, Daniel S. March (“Mr. March”) was the  
13 Chief Executive Officer of Debtor.

14 10. Richard A. Marshack (previously defined as “Trustee” or “Plaintiff”) was the duly-  
15 appointed, qualified, and acting Chapter 11 Trustee for the Estate. All claims have been transferred  
16 to the Liquidating Trust pursuant to the confirmed plan and Plaintiff brings this action solely in his  
17 capacity as the former Chapter 11 Trustee and current Liquidating Trustee of the LPG Liquidation  
18 Trust for the benefit of Debtor’s Estate and its creditors.

19 11. On information and belief, Defendant is an individual who currently resides in  
20 California and may be served by first class mail postage prepaid at 32000 Corte Canel, Temecula,  
21 California 92592-6344.

### 22 **General Allegations**

#### 23 **A. The Bankruptcy Case**

24 12. On March 20, 2023 (previously defined as the “Petition Date”), the Debtor filed a  
25 voluntary petition under Chapter 11 of Title 11 of the United States Code, initiating bankruptcy  
26 Case No. 8:23-bk-10571-SC (“Bankruptcy Case”) in the United States Bankruptcy Court for the  
27 Central District of California, Santa Ana Division.

28 ///

1           13.     On May 8, 2023, Trustee accepted his appointment as the Chapter 11 Trustee in the  
2 Bankruptcy Case. To the extent that Trustee was not appointed until after any of the events alleged  
3 in this Complaint, the allegations are based on information and belief. *See Soo Park v. Thompson*,  
4 851 F.3d 910, 928 (9th Cir. 2017); *Miller v. City of Los Angeles*, 2014 U.S. Dist. LEXIS 198871, at  
5 \*5 (C.D. Cal. Aug. 7, 2014); *Mireskandari v. Daily Mail and General Trust PLC*, 2013 U.S. Dist.  
6 LEXIS 194437, at \*4 (C.D. Cal. July 31, 2013).

7           14.     Pursuant to the Order Confirming Modified First Amended Joint Chapter 11 Plan of  
8 Liquidation entered September 9, 2024, and the Notice of Occurrence of Effective Date of Modified  
9 First Amended Joint Chapter 11 Plan of Liquidation filed September 24, 2024, Richard A. Marshack  
10 became the Liquidating Trustee of the LPG Liquidation Trust effective September 24, 2024. [Bankr.  
11 Docket Nos. 1646 & 1762.]

12           **B.     Protective Order**

13           15.     On or about May 2, 2024, Plaintiff filed that certain Notice and Motion for Entry of  
14 Protective Order (the “Protective Order Motion”). On June 3, 2024, the Court entered its Order  
15 Granting Motion for Entry of Protective Order and the Protective Order [Bankr. Docket No. 1270]  
16 (the “Protective Order”). A true and accurate copy of the Protective Order is attached as **Exhibit 1**  
17 and incorporated here.

18           **C.     LPG**

19           16.     Pre-petition, Debtor was a law firm that provided consumer debt resolution services  
20 to more than 65,000 clients nationwide.

21           17.     Tony Diab (“Diab”) operated, dominated and controlled Debtor at all relevant times.

22           18.     To obtain consumer clients, LPG contracted with marketing companies, who engaged  
23 in illegal capping and would advertise or call to solicit consumers to become clients of LPG in  
24 exchange for a percentage of the ACH Receivables collected by LPG from the consumers.

25           19.     The consumers would pay LPG over a period of time via monthly debits and/or ACH  
26 debits from their bank accounts.

27 ///

28 //

1           20.     The monthly payments were meant to cover all legal services LPG provided to the  
2 consumers including validation of the debts, review of documents to determine enforceability, and  
3 court appearances to halt lawsuits to obtain judgments.

4           21.     In certain instances, LPG would file a lawsuit in an effort to eliminate a disputed debt  
5 or to prosecute affirmative claims held by the consumers.

6           22.     LPG mismanaged the consumers' monthly payments.

7           23.     Diab and others devised a plan to fraudulently transfer funds, client files, client funds  
8 and assets in the form of ACH Receivables (the "ACH Receivables" or "Accounts Receivable") out  
9 of LPG to third parties prior to the filing of bankruptcy.

10          24.     Diab used entities he controlled including, without limitation, Vulcan Consulting,  
11 LLC ("Vulcan") and B.A.T., Inc. dba Coast Processing ("Coast") to process payments from LPG  
12 consumer clients and to divert LPG consumer funds and ACH Receivables. Diab would use numerous  
13 ACH processing companies in order to easily transfer millions of dollars from Debtor to these entities  
14 he controlled, without oversight or detection, and to avoid payment disputes and complications. The  
15 money that flowed from Debtor through these bank account to Defendant consisted of Client Funds  
16 that Debtor funneled to these entities by means of the ACH processing companies. Debtor also made  
17 deposits into these entities bank account such that they received Client Funds directly from Debtor in  
18 addition to direct Accounts Receivables.

19          25.     The money that flowed from Debtor's bank account to CRI consisted of Client  
20 Funds.

21          26.     LPG's monthly revenue from client files was primarily received via ACH payments.  
22 In order to process ACH payments, LPG was required to enlist the services of ACH payment  
23 processing companies who handle high risk transactions. In this regard, Diab enlisted numerous ACH  
24 processing companies<sup>1</sup> in order to easily switch between different vendors and quickly transfer  
25 millions of dollars of LPG funds to entities he controlled, generally in less than three days from  
26

---

27 <sup>1</sup> The ACH processing companies LPG also used and which Diab controlled includes, but is not  
28 limited to, EPPS; EquiPay; Merit Fund; Authorize.net; World Global; Optimum Bank; BankUnited;  
Marich Bein; Revolv3; Maverick Bankcard; FIS; and/or Guardian.

1 receipt of funds by the processing company. One reason for the plethora of processing company  
2 vendors was to avoid payment disputes and complications with the vendor itself. Switching between  
3 ACH processing companies further facilitated unauthorized double pulls, and made it more difficult  
4 for LPG clients to dispute, prevent or stop unauthorized ACH transactions, even where the Client  
5 disputed the transactions, had cancelled their services, and/or requested a refund.

6 27. At all times, the Transfers constituted transfers of interests of the Debtor in property  
7 as that term is defined in 11 U.S.C. § 101(54).

8 **D. CRI System, Inc. and Defendant Edward J. Quiroz, III**

9 28. Upon information and belief, Defendant was at all relevant times, the controlling  
10 principal of CRI.

11 29. CRI was one of the marketing companies that procured clients for LPG.

12 30. LPG agreed to pay, and in fact, paid CRI a portion of the monthly payments received  
13 from consumers referred by CRI.

14 31. CRI also entered into agreements pursuant to which it purported to sell accounts  
15 receivable back to LPG.

16 32. Defendant's official title with CRI was "President". A true and correct copy of CRI's  
17 listing on the Nevada Secretary of State website is attached hereto as **Exhibit 2**.

18 33. As an executive of CRI, Defendant had control and authorized CRI's financial  
19 operations.

20 34. For example, Defendant negotiated and entered into Affiliate Agreement(s) with  
21 LPG.

22 35. As an executive of CRI, Defendant had knowledge of the business dealings with  
23 Debtor, including but not limited to the payment structure between consumers of Debtor and  
24 Debtor's ACH processing companies, and CRI.

25 36. Defendant through authorizing actions of CRI, facilitated Debtor's criminal enterprise  
26 by advertising and marketing Debtor's services to potential consumers and thereafter enrolling  
27 consumers to pay for Debtor's services.  
28

1           37. Defendant used the business operations between CRI and Debtor for their personal  
2 gain.

3                   **i. Related Adversary Proceeding Against CRI; 8:24-ap-01023-SC**

4           38. On or about February 9, 2024, Trustee filed the Complaint against CRI for: (1)  
5 Avoidance, Recovery, and Preservation of 2-Year Actual Fraudulent Transfers; (2) Avoidance,  
6 Recovery, and Preservation of 4-Year Actual Fraudulent Transfers; (3) Avoidance, Recovery, and  
7 Preservation of 2-Year Constructive Fraudulent Transfers; (4) Avoidance, Recovery, and  
8 Preservation of 4-Year Constructive Fraudulent Transfers; (5) Avoidance, Recovery, and  
9 Preservation of Preferential Transfer Within Ninety Days of the Petition Date; and (6) Turnover.  
10 (“CRI Complaint”). [See Adv. Dkt. No. 1.]

11           39. On April 5, 2024, Trustee filed a First Amended Complaint, alleging: (1) Avoidance,  
12 Recovery, and Preservation of 2-Year Actual Fraudulent Transfers; (2) Avoidance, Recovery, and  
13 Preservation of 2-Year Constructive Fraudulent Transfers; (3) Avoidance, Recovery, and  
14 Preservation of 4-Year Actual Fraudulent Transfers; (4) Avoidance, Recovery, and Preservation of  
15 4-Year Constructive Fraudulent Transfers; (5) Avoidance, Recovery, and Preservation of  
16 Preferential Transfer Within Ninety Days of the Petition Date; (6) Turnover (“FAC”). [See Adv.  
17 Dkt. No. 7.]

18           40. On or about April 8, 2024, Another Summons and Notice of Status Conference in  
19 Adversary Proceeding [LBR 7004-1] was issued by the Court that included a deadline for CRI to  
20 file a response to the FAC on May 8, 2024. [See Adv. Dkt. No. 9-1.]

21           41. On or about April 23, Another Summons and Notice of Status Conference in  
22 Adversary Proceeding [LBR 7004-1] was issued by the Court that included a deadline for CRI to  
23 file a response to the FAC on May 23, 2024. [See Adv. Dkt. No. 12-1.]

24           42. Trustee received no response.

25           43. On or about May 9, 2024, Another Summons and Notice of Status Conference in  
26 Adversary Proceeding [LBR 7004-1] was issued by the Court that included a deadline for CRI to file  
27 a response to the FAC on June 7, 2024. [See Adv. Dkt. No. 16-1.]  
28

1 44. Trustee received no response and attempted service one last time at an alternate  
2 address.

3 45. On or about June 24, 2024, Another Summons and Notice of Status Conference in  
4 Adversary Proceeding [LBR 7004-1] was issued by the Court that included a deadline for CRI to file  
5 a response to the FAC on July 24, 2024. [See Adv. Dkt. No. 20-1.]

6 46. Trustee received a response asserting that the person named as agent for CRI  
7 (Defendant) did not reside at the alternate address. This was the only response received.

8 47. All facts and allegations contained in the FAC are herein incorporated by reference.

9 48. On July 25, 2024, Trustee requested that the Court enter default against CRI under  
10 Local Bankruptcy Rule 7055-1. [See Adv. Dkt. No. 24.]

11 49. On July 25, 2024, the Clerk entered default against CRI under Local Bankruptcy Rule  
12 7055-1(a). [See Adv. Dkt. No. 25.]

13 50. On September 4, 2024, Trustee filed a Motion For Default Judgment. [See Adv. Dkt.  
14 No. 31.]

15 51. On or about October 9, 2024, the Court entered Default Judgment (Without Prior  
16 Judgment) (“Default Judgment”) against CRI. Trustee was awarded damages in amount of  
17 \$536,832.08, plus interest at the rate set forth in 28 U.S.C. § 1961 per year from the date of entry of  
18 the judgment. The Default Judgment also stated that the judgment, either in the form of the property  
19 transferred or the value of the property, is recoverable by the Trustee for the benefit of the Estate.  
20 [See Adv. Dkt. No. 36.]

21 52. On or about October 25, 2024, an Amended Default Judgment (Without Prior  
22 Judgment) (“Amended Default Judgment”) was entered. The Amended Default Judgment was filed  
23 to recover the costs of filing the FAC for the Estate. The Trustee was awarded damages in the  
24 amount of \$536,832.08, \$350 for costs, plus interest at the rate set forth in 28 U.S.C. § 1961 per year  
25 from the date of entry of the judgment. The Default Judgment also stated that the judgment, either  
26 in the form of the property transferred or the value of the property, is recoverable by the Trustee for  
27 the benefit of the Estate. [See Adv. Dkt. No. 43.]

28 ///



53. Therefore, based on the Amended Default Judgment entered in the Trustee's favor, the Trustee's claims against CRI in the FAC were adjudicated on its merits and do not warrant further litigation in this matter. The only claim presented in this Complaint, which was not included in the FAC, is aiding and abetting the fraudulent transfers by the Defendant.

**E. Payments to CRI System, Inc.**

54. During the applicable reach-back period, Debtor paid CRI the sum of at least \$536,832.08 between November 2022 and February 2023, subject to proof at trial (previously defined as the "Transfers"). A true and accurate list of the known payments made by Debtor to CRI is attached hereto as **Exhibit 3**.

55. Not less than \$309,410.66 of the Transfers from Debtor to CRI occurred during the 90-day preference period ("Preference Transfers"). A true and accurate list of the payments made during the Preference Transfers is attached hereto as **Exhibit 4**.

56. The Preference Transfers are current as of February 2025.

**F. LPG's Ponzi Scheme**

57. This Court has recognized that Debtor operated a Ponzi scheme by using funds provided by former investors to attract new investors hoping for very high returns. See Dk. No. 1545, fn. 5.

58. The Ponzi Scheme Presumption establishes a debtor's "intent to defraud future undertakers [investors] from the mere fact that a debtor was running a Ponzi scheme." *Merrill v. Abbott (In re Independent Clearing House Co.)*, 77 B.R. 843, 860 (D. Utah 1987). "Knowledge to a substantial certainty constitutes intent in the eyes of the law, cf. Restatement (Second) of Torts § 8A (1963 & 1964), and a debtor's knowledge that future investors will not be paid is sufficient to establish his actual intent to defraud them." *Id.* A trustee in bankruptcy is not required to show that an operator of a Ponzi scheme was subjectively aware his Ponzi scheme was destined to fail. *In re EPD Inv. Co., LLC*, 114 F.4th at 1153 (9th Cir. 2024).

59. "[I]f all the debtor receives in return for a transfer is the use of the defendant's money to run a Ponzi scheme, there is nothing in the bankruptcy estate for creditors to share." *In re Independent Clearing House Co.*, 77 B.R. at 859. In such a situation, the use of the defendant's

1 money cannot objectively be called “reasonably equivalent value.” *Id.* Therefore, “[t]he trustee can  
2 avoid the transfers if they were preferential or fraudulent. Transfers to investors in a Ponzi scheme  
3 are preferential and fraudulent. Therefore, they constitute ‘property of the estate,’ and the trustee can  
4 recover them.” *Id.* at 853 n.17 (citations omitted).

5 60. Based on the Ponzi Scheme presumption the Court can infer that the Debtor had the  
6 intent to defraud investors within the meaning of 11 U.S.C. § 548(a)(1). Since the transfers by  
7 Debtor to third parties, including CRI, were made with the intent to further the Ponzi scheme, the  
8 Debtor did not receive an objectively reasonable equivalent value for such transfers, and the Trustee  
9 can avoid any such transfers because they were preferential and fraudulent.

10 61. Moreover, insolvency is presumed as a matter of law where, as in this Bankruptcy  
11 Case, the debtor operated a Ponzi scheme. *See, e.g., Glob. Money Mgmt., L.P. v. McDonnold*, No.  
12 06CV34, 2008 U.S. Dist. LEXIS 128733, at \*15 (S.D. Cal. Feb. 27, 2008) (concluding that “if a  
13 Ponzi scheme is proven, then the debtor is proven insolvent from the time of its inception”).

14 **G. Criminal Enterprise**

15 62. Debtor’s operations, activities and transfers done in furtherance of the Ponzi scheme,  
16 including those in conjunction with its affiliates and its dealings with Defendants, also constituted a  
17 criminal enterprise.

18 63. This, too, is evidenced by the Court’s order in the 1046 Action wherein it denied the  
19 Motion of Greyson Law Center to Vacate the Preliminary Injunction previously entered in Debtor’s  
20 main case, and the Court offered the opinion:

21 Through the various proceedings and evidence produced in both the main case and  
22 the various adversary proceedings, including but not limited to various Motions for  
23 Temporary Restraining Orders, Preliminary Injunctions, Motions to Dismiss, a  
24 Motion for Appointment of a Chapter 11 Trustee, a Motion to Sell Assets, a multitude  
25 of pleadings filed by both secured and unsecured creditors (supported by evidence  
26 presented under oath) in support of their claims, and especially the pleadings and  
27 evidence presented by the “Watchdog of the Bankruptcy System” aka the Office of  
28 the United States Trustee (an arm of the United States Department of Justice), *it is  
clear to this Court that Debtor, since its pre-petition inception (and through the time  
of the appointment of the Chapter 11 Trustee) was in the Court’s opinion, operating a  
criminal enterprise.*

(Case No. 8:23-bk-10571-SC; Adv. No. 8:23-ap-01046-SC [Bankr. Docket No. 1545, p. 3  
(emphasis in original)].)

64. As part of this criminal enterprise, Debtor and CRI, and thus Defendant, engaged in  
fraudulent transfers in furtherance of Debtor's scheme.

65. Further, on information and belief, Defendant was advised of the illegality of the  
enterprise, and Defendant willfully participated. (*See Stipulation With Defendant Tony Diab For  
Entry of Judgment* [Adv. Proc. 23-ap-01046-SC, Dkt. 719, pp. 12-13 ¶44].)

#### **H. LPG's Prepetition Creditors**

66. Debtor was insolvent when each Transfer was made. This insolvency is evidenced in  
part by the fact that 14 separate UCC-1 statements were of record securing debts of the Debtor as of  
September 1, 2022. These statements remained unreleased as of the Petition Date. These statements  
either reflected secured liens against the Debtor's assets then owned or thereafter acquired or  
provided evidence of the assignment or sale of substantial portions of the Debtor's future income.

67. When the Transfers were made, these prior UCC-1 statements secured the repayment  
of the following claimed amounts that are currently known to Trustee and are allegedly owed by the  
Debtor: (i) \$2,374,004.82 owed to Fundura Capital Group as evidenced by Proof of Claim No. 335  
purportedly secured by a UCC statement filed on or about May 19, 2021; (ii) approximately \$15  
million owed to MNS Funding, LLC as evidenced by Proof of Claim No. 1060 purportedly secured  
by a UCC statement filed on or about May 28, 2021; (iii) approximately \$5,000,000 owed to Azzure  
Capital, LLC as evidenced by Proof of Claim No. 127 secured by a UCC statement filed on or about  
May 28, 2021; and (iv) approximately \$1.5 million owed to Diverse Capital, LLC purportedly  
secured by UCC statements filed on or about September 15, 2021, and December 1, 2021.<sup>2</sup>

68. As alleged above, LPG was borrowing against its assets and future income, often on  
unfavorable terms, not only to finance operations at LPG, but also to pay the fees owed to the  
marketing affiliates for providing it with consumer clients. Pursuant to the agreements with the  
///

---

<sup>2</sup> Trustee reserves all rights, claims, and defenses with respect to these and any other purported  
secured or unsecured claims.

1 marketing companies, significant percentages of future payments were already promised to be paid  
2 to the marketing affiliates from whatever future income the Debtor would receive.

3 69. In addition, on Debtor's Schedule E/F [Bankr. Docket No. 33], Debtor scheduled 11  
4 unsecured creditors with priority unsecured claims totaling \$374,060.04. These priority unsecured  
5 creditors include Indiana Dept. of Revenue, Dept. of Labor and Industries, Arizona Dept. of  
6 Economic Security, Arkansas Dept. of Finance & Admin., California Franchise Tax Board, Georgia  
7 Dept. of Labor, Internal Revenue Service, Mississippi Dept. of Revenue, Nevada Dept. of Taxation,  
8 Utah State Tax Commission, and Wisconsin Dept. of Revenue (collectively, "Priority Unsecured  
9 Creditors").

10 70. Another group of creditors that Debtor listed on its Schedule E/F [Bankr. Docket No.  
11 33] are nonpriority unsecured creditors. Those 58 creditors have scheduled claims totaling  
12 \$141,439,158.05 and include Ajilon; Anthem Blue Cross; Azevedo Solutions Groups, Inc.; Carolina  
13 Technologies & Consulting Invoice; Collaboration Advisors; Credit Reporting Service Inc.; CT  
14 Corporation – Inv.; Debt Pay Pro; Document Fulfillment Services; EnergyCare, LLC; Exela  
15 Enterprise Solutions; First Legal Network, LLC; GHA Technologies Inc.; Harrington Electric, Inc.;  
16 Imagine Reporting; Juize, Inc.; Krisp Technologies, Inc.; Liberty Mutual; Marc Lemauiel –  
17 Allegra; MarkSYS Holdings, LLC; Netsuite-Oracle; Pitney Bowes; Rapid Credit, Inc.; SBS Leasing  
18 A Program of De Lage Landen; Security Solutions; Sharp Business Systems; Streamline  
19 Performance, Inc.; Thomson Reuters; Twilio, Inc.; Nationwide Appearance Attorneys; Executive  
20 Center, LLC; Outsource Accelerator, Ltd.; TaskUs Holdings, Inc.; Marich Bein, LLC; Validation  
21 Partners; MC DVI Fund 1, LLC; MC DVI Fund 2, LLC; Debt Validation Fund II, LLC; Tustin  
22 Executive Center; LexisNexus; JP Morgan Chase; Business Centers of America; Michael Schwartz;  
23 Anibal Colon Jr.; Kathleen Lacey; David Ulery; Kimberly Birdsong; Kevin Carpenter; Karen Suell;  
24 Gloria Eaton; Carolyn Beech; Debra Price; Kenneth Topp; Darcey Williamson, Trustee; James  
25 Hammett; Johnny Rizo; Beverly Graham; Kathleen Scarlett; and Geneve and Myranda Sheffield  
26 (collectively, "Nonpriority Unsecured Creditors" and, together with the Secured Creditors and  
27 Priority Unsecured Creditors, "Prepetition Creditors").

28 ///

1           71. As of the filing of this complaint, approximately 5,771 claims have been filed with  
2 the Bankruptcy Court. While Trustee has not reviewed all claims as of the date of this complaint,  
3 and reserves all rights to object to those claims, the total amount is in excess of approximately  
4 \$717,507,462.29.

5           72. Debtor's profit and loss statements reflect at least \$115,000,000 of "Total Income"  
6 for the three-year period ending December 31, 2021, and based on information and belief that a  
7 substantial portion of this income had not actually been earned by Debtor. Proper accounting  
8 treatment of this unearned "income" would have been to record the unearned portion as cash  
9 received in client trust or IOLTA bank account with an offsetting client retainer liability account in  
10 the same amount. Thus, the unearned portion of the income would be present only on the balance  
11 sheet and not on Debtor's profit and loss statement. Debtor's balance sheets reflect two trust  
12 accounts, the highest balance of which was approximately \$346,000 in November 2021. The balance  
13 sheets do not reflect a client retainer liability account. Thus, it appears that Debtor overstated its  
14 income during the three years ending December 31, 2021, though the extent to which it is overstated  
15 remains unknown. Further, assuming (as it appears to be the case) Debtor did not properly record  
16 its unearned income on its balance sheets using a trust account and offsetting client retainer liability  
17 account then Debtor's assets and liabilities on those balance sheets would be inaccurate.

18           73. Based on information and belief Debtor's incoming cash was related to unearned  
19 income and should have been held in an appropriate trust account and recorded on its balance sheet  
20 with an offsetting client retainer payable account until it was earned. This treatment is further  
21 reinforced as appropriate by the fact that Debtor offered its clients a refund for unearned income.  
22 Thus, Debtor's incoming cash neither increased its assets (due to the offsetting client retainer  
23 liability in the same amount) nor would it increase its profitability until services were rendered and  
24 the income was actually earned.

25 ///

26 ///

27 ///

28 ///

**First Claim For Relief**

**Aiding and Abetting Fraudulent Transfers**

**[11 U.S.C. §§ 544(b), 550, and 551; Cal. Civ. Code §§ 3439.04(a), 3439.04(b), and 3439.07]**

**(Against Defendant)**

74. Plaintiff realleges and incorporates herein by reference each and every allegation contained in paragraphs 1 through 73 as though set forth in full.

75. Defendant has possession or control over property of the Estate including, but not limited to, the Transfers made to CRI pursuant to illegal and unenforceable agreements.

76. As noted, Defendant had knowledge of the fraudulent transactions, transfers, and agreements that were used to perpetuate and conceal the Ponzi scheme and fraudulent transfers.

77. Defendant, with the foregoing knowledge, intended to, and did, help the Debtor and other scheme participants in perpetuating and concealing the Ponzi scheme and fraudulent transfers of money.

78. Defendant assisted, and actually engaged in, LPG's commission of fraud and Ponzi scheme by coordinating, facilitating, and directing payments and transfers of monies and executing documents in furtherance of concealing the true nature of their fraudulent and criminal activity related to the Ponzi scheme.

79. The injuries to Plaintiff, the Debtor's Estate and to its creditors directly, proximately and reasonably foreseeably resulting from and caused by these fraudulent transfers and Ponzi scheme include, without limitation, hundreds of thousands of dollars in improperly transferred and acquired monies.

80. The property, including, but not limited to, the Transfers are not of inconsequential value to the Estate and recovering these funds is paramount to Debtor's ability to pay creditors.

81. Plaintiff and the Debtor's Estate also suffered damages by incurring attorney's fees and costs associated with the prosecution of Defendants' unlawful activities.

///

///

///

**Reservation Of Rights**

Plaintiff reserves the right to bring all other claims or causes of action that Plaintiff may have against Defendants, on any and all grounds, as allowed under the law or in equity, including but not limited to, those claims not known by the Trustee at this time but that he may discover during the pendency of this adversary proceeding.

**Prayer**

WHEREFORE, Plaintiff prays for judgment against Defendant as follows:

1. Awarding Plaintiff compensatory damages in an amount to be determined at trial;
2. For pre-judgment and post-judgment interest;
3. For costs incurred by Plaintiff in prosecuting this action; and
4. For such other and further relief as the Court may deem just and proper.

DATED: March 19, 2025

Respectfully submitted,

DINSMORE AND SHOHL LLP

By: /s/ Jacob R. Bothamley  
Yosina M. Lissebeck  
Jacob R. Bothamley  
Attorneys for Richard A. Marshack, Trustee of the  
LPG Liquidation Trust

# EXHIBIT 1



CHRISTOPHER B. GHIO (259094)  
christopher.ghio@dinsmore.com  
CHRISTOPHER CELENTINO (131688)  
christopher.ceentino@dinsmore.com  
YOSINA M. LISSEBECK (201654)  
yosina.lissebeck@dinsmore.com  
DINSMORE & SHOHL LLP  
655 West Broadway, Suite 800  
San Diego, California 92101  
Tele: 619.400.0500  
Fax: 619.400.0501

Sarah S. Mattingly (Ky. Bar 94257)  
sarah.mattingly@dinsmore.com  
DINSMORE & SHOHL, LLP  
101 S. Fifth Street, Suite 2500  
Louisville, Kentucky 40202  
Tele: 859-425-1096  
Fax: 502-585-2207  
(Admitted pro hac vice)

Special Counsel to Richard A. Marshack

**UNITED STATES BANKRUPTCY COURT**  
**CENTRAL DISTRICT OF CALIFORNIA – SANTA ANA DIVISION**

In Re

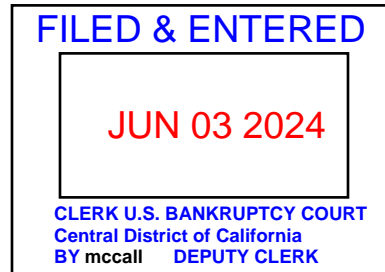
The Litigation Practice Group P.C.,  
  
Debtor(s),

Case No: 23-bk-10571-SC

Chapter 11

**ORDER GRANTING MOTION FOR  
ENTRY OF PROTECTIVE ORDER AND  
THE PROTECTIVE ORDER**

Date: May 23, 2024  
Time: 1:30 p.m.  
Judge: Hon. Scott C. Clarkson  
Place: Courtroom 5C (via Zoom)<sup>1</sup>  
411 West Fourth Street  
Santa Ana, CA 92701



<sup>1</sup> Video and audio connection information for each hearing will be provided on Judge Clarkson's publicly posted hearing calendar, which may be viewed online at: <http://ecf-ciao.cacb.uscourts.gov/CiaoPosted/?jid=SC>.

1 The Court has read and considered the Notice of Motion and Motion for Entry of Protective  
2 Order (the "Motion") filed by Richard A. Marshack, in his capacity as the Chapter 11 Trustee (the  
3 "Trustee") of the Bankruptcy Estate ("Estate") of The Litigation Practice Group P.C., on May 2, 2024,  
4 pursuant to Federal Rule of Bankruptcy Procedure 7026 and Federal Rule of Civil Procedure 26(c)(1),  
5 as Dk. No. 1164 ("Motion"), and has found good cause to grant the Motion.

6 IT IS HEREBY ORDERED that:

- 7 1. The Motion is granted;
- 8 2. The below Protective Order shall apply to any contested matter arising  
9 in the main bankruptcy case and in all adversary proceedings filed by or against Trustee,  
10 present and future; and
- 11 3. Govern the discovery conducted therein.

## 12 **PROTECTIVE ORDER**

### 13 **1. DEFINITIONS**

14 1.1 "Confidential Information" as used in this Protective Order shall mean documents and  
15 other information (regardless of how generated, stored or maintained) that a Party or non-party  
16 reasonably believes to contain or reflect non-public financial or business information, bank records,  
17 financial records, such as social security numbers, non-public financial or personal information of a  
18 Party or non-party, account numbers, sensitive digital information and identifiers, information subject  
19 to confidentiality agreements or provisions other than this Protective Order, and other non-public  
20 research, development, or commercial information that derives value or avoids injury by virtue of not  
21 being known to the public.

22 1.2 This "Action" is defined and hereby means any contested matter arising in the main  
23 bankruptcy case and in all adversary proceedings filed by or against Trustee, present and future.

24 1.3 "Designating Party" means a Party or non-party that designates Confidential  
25 Information during the Action.

26 1.4 "Receiving Party" means a Party that receives Confidential Information during the  
27 Action.  
28

1.5 “Party” or “Parties” means person or entity subject to this Protective Order.

## 2. SCOPE OF THIS PROTECTIVE ORDER

2.1 Unless otherwise ordered, this Protective Order shall govern certain documents and other products of discovery obtained in the Action from the Parties there to, and from third parties. As well as certain information copied or derived therefrom, excerpts, summaries or compilations thereof, including, but not limited to, documents voluntarily exchanged as part of early settlement discussions, documents produced pursuant to initial disclosures, requests authorized by the Federal Rules of Civil Procedure made applicable herein by the Federal Rules of Bankruptcy Procedure, answers to interrogatories, deposition transcripts, responses to requests for production, responses to requests for admission, subpoenas, affidavits, declarations, expert reports, and other such material and information as may be produced during the course of the Action and designated as Confidential Information.

## 3. DESIGNATION OF CONFIDENTIAL INFORMATION

3.1 This Protective Order shall govern the production and handling of any Confidential Information in this Action. Any Party or non-party who produces Confidential Information in this Action may designate it as "Confidential" or "Attorneys' Eyes Only" consistent with the terms of this Protective Order. Whenever possible, the Designating Party must designate only those portions of a document, written discovery responses, deposition, transcript, or other material that contain the Confidential Information and refrain from designating entire documents. Regardless of any designations made hereunder, the Designating Party is not otherwise restricted from use or disclosure of its Confidential Information outside of this Action or for any business purposes. In addition, any Party may move to modify or seek other relief from any of the terms of this Protective Order if it has first tried in writing and in good faith to resolve its needs or disputes with the other Parties or Party as the case may be under the terms of this Protective Order. Further, nothing in this Protective Order shall prevent a Party from redacting documents consistent with the Federal Rules of Civil Procedure and utilizing the documents as needed through-out the Action.

3.2 Application to Non-Parties: Before a non-party is given copies of documents or materials designated as Confidential Information or Attorneys' Eyes Only as permitted hereunder, it

1 must first sign an acknowledgment to be bound to these terms that is attached hereto as Exhibit A; if  
2 it fails to do so, the Parties to this Action must resolve any such dispute before making disclosure of  
3 designated information as permitted hereunder to the non-party. If a non-party wishes to make  
4 designations hereunder, it must first sign attached Exhibit A.

5       3.3     Timing and Provisional Protection: Designations of Confidential Information may be  
6 made at any time. To avoid potential waiver of protection hereunder, the Designating Party should  
7 designate documents or materials containing Confidential Information at the time of production or  
8 disclosure, including on the record during the taking of any deposition. Deposition testimony will be  
9 deemed provisionally protected for a period of thirty (30) days after the transcript is released to the  
10 Parties by the court reporter, although the Parties may agree at any time to different timelines of  
11 provisional protection of information as Confidential or Attorneys' Eyes Only as part of one or more  
12 specific depositions. To retain any designations beyond the provisional period, a Designating Party  
13 must designate specific pages and lines of deposition testimony before the provisional period has  
14 expired. Such designations must be made in writing so that all counsel and court reporters may append  
15 the designation to all copies of the transcripts.

16       3.4     Manner of Designation: Confidential Information may be designated hereunder in any  
17 reasonable manner or method that notifies the Receiving Party of the designation level and identifies  
18 with specificity the information to which the designation applies. If made verbally, the Designating  
19 Party must promptly confirm the designation in writing. Whenever possible, the Designating Party  
20 should stamp, affix, or embed a legend of "CONFIDENTIAL" or "ATTORNEYS' EYES ONLY" on  
21 each designated page of the document or electronic image that contains Confidential Information.

#### 22       **4.       CHALLENGES TO DESIGNATED INFORMATION**

23       4.1     In the event that a Receiving Party disagrees at any time with any designation(s) made  
24 by the Designating Party, the Receiving Party must first try to resolve such challenge in good faith  
25 on an informal basis with the Designating Party. The Receiving Party must provide written notice of  
26 the challenge and the grounds therefor to the Designating Party, who must respond in writing to the  
27 challenge within fifteen (15) days. At all times, the Designating Party carries the burden of  
28 establishing the propriety of the designation and protection level. Unless and until the challenge is

1 resolved by the Parties or ruled upon by the Court, the designated information shall remain protected  
2 under this Protective Order. The failure of any Receiving Party to challenge a designation does not  
3 constitute a concession that the designation is proper or an admission that the designated information  
4 is otherwise competent, relevant, or material.

5 **5. LIMITED ACCESS/USE OF PROTECTED INFORMATION**

6 5.1 Restricted Use: Information that is produced or exchanged in the course of the Action  
7 and designated under this Protective Order may be used for preparation for trial and preparation for  
8 any appeal of any and all matters in the Action, as well as related settlement negotiations, and for no  
9 other purpose, without the written consent of the Designating Party. No Confidential Information may  
10 be disclosed to any person except in accordance with the terms of this Protective Order, unless the  
11 parties are co-counsel or have entered into joint defense agreements. All persons in possession of  
12 Confidential Information agree to exercise reasonable care with regard to the custody, use, or storage  
13 of such information to ensure that its confidentiality is maintained. This obligation includes, but is  
14 not limited to, the Receiving Party providing to the Designating Party prompt notice of the receipt of  
15 any subpoena that seeks production or disclosure of any designated information and consulting with  
16 the Designating Party before responding to the subpoena. Any use or disclosure of Confidential or  
17 Attorneys' Eyes Only information in violation of the terms of this Protective Order may subject the  
18 disclosing person or party to sanctions.

19 5.2 Access to "Confidential" Information: The Party(ies) and all persons subject to this  
20 Protective Order agree that information designated as "CONFIDENTIAL" may only be accessed or  
21 reviewed by the following:

- 22 a) The Court, its personnel, and court reporters;  
23 b) Counsel of record, or co-counsel for any Party, or other party that has entered into a  
24 joint defense agreement in the Action and their employees who assist counsel of record, or co-counsel  
25 in the Action and are informed of the duties and obligations imposed hereunder;  
26 c) The Parties, including their clients, agents and employees who are assisting or have  
27 reason to know of the Action;

28 ///

d) Experts or consultants employed by the Parties or their counsel, or co-counsel, for purposes of an Action, so long as each such expert or consultant has signed attached Exhibit A; and

e) Other witnesses or persons with the Designating Party's consent or by court order.

5.3 Access to "Attorneys' Eyes Only" Designations: The Parties and all persons subject to this Protective Order agree that information designated as "ATTORNEYS' EYES ONLY" may only be accessed or reviewed by the following:

a) The Court, its personnel, and court reporters;

b) Counsel of record, or co-counsel for any Party, or other party that has entered into a joint defense agreement in the Action and their employees who assist counsel of record in the Action and are informed of the duties hereunder;

c) In-house counsel for any Party in the Action and Richard A. Marshack, as Chapter 11 Trustee of The Litigation Practice Group P.C. who is informed of the duties and obligations imposed hereunder;

d) Experts or consultants employed by the Parties or their counsel, or co-counsel for purposes of the Action, and so long as each such expert or consultant has signed attached Exhibit A; and

e) Other witnesses or persons to whom the Designating Party agrees in advance of disclosure or by court order.

5.4 Non-Waiver Effect of Designations: Neither the taking of, nor the failure to take, any action to enforce the provisions of this Protective Order, nor the failure to object to any designation, will constitute a waiver of any Party(ies)'s claim or defense in the Action or any other action or proceeding, including, but not limited to, a claim or defense that any designated information is or is not Confidential, is or is not entitled to particular protection, or embodies or does not embody information protectable by law.

5.5 In-Court Use of Designated Information: If information designated under this Protective Order will or may be offered in evidence at a hearing or trial related to any matter in the Action, then the offering party must give advance notice to the party or non-party that designated prior to offering the information so that any use or disclosure may be addressed in accordance with

1 the Court's case-management or other pre-trial order, or by a motion *in limine*. Nothing in this  
2 Protective Order shall be construed as a waiver by a Party of any objections that may be raised as to  
3 the admissibility at trial of any evidentiary materials.

4 **6. CLAW-BACK REQUESTS**

5 6.1 Failure to Make Designation: If, at any time, a Party or non-party discovers that it  
6 produced or disclosed Confidential Information without designation, it may promptly notify the  
7 Receiving Party and identify with particularity the Confidential Information to be designated and the  
8 level of designation (the claw-back notification). The Receiving Party may then request substitute  
9 production of the newly-designated information. Within thirty (30) days of receiving the claw-back  
10 notification, the Receiving Party must: (1) certify to the Designating Party it has appropriately marked  
11 or, if substitute production has been requested, destroyed all unmarked copies that it received, made,  
12 and/or distributed; and (2) if it was practicably unable to mark or destroy any information because  
13 disclosures occurred while the Receiving Party was under no duty of confidentiality under the terms  
14 of this Protective Order regarding that information, the Receiving Party must reasonably provide as  
15 much information as practicable to aid the Designating Party in protecting the information,  
16 consistently with the Receiving Party's attorney-client, work-product, and/or trial-preparation  
17 privileges.

18 6.2 Inadvertent Production of Privileged Information: If, at any time, a Party discovers  
19 that it produced information that it reasonably believes is subject to protection under the  
20 attorney/client, work-product, or trial-preparation privileges, then it must promptly notify each  
21 Receiving Party of the claim for protection, the basis for it, amend its privilege log accordingly, and  
22 comply with Fed. R. Civ. P. 26(b)(5). Whenever possible, the producing party must produce substitute  
23 information that redacts the information subject to the claimed protection. The Receiving Party must  
24 thereupon comply with Fed. R. Civ. P. 26(b)(5)(B) as to the information subject to the claimed  
25 protection.

26 ///

27 ///

28 ///

1           **7. DURATION/CONTINUED RESTRICTIONS**

2           7.1    Handling of Designated Information Upon Conclusion of the Main Bankruptcy Case:

3 Upon conclusion of the Main Bankruptcy Case, by way of dismissal or closing of the case, the  
4 Designating Party(ies) is/are responsible for ensuring that any Party or person to whom the  
5 Designating Party shared or disclosed designated information in any of the matters under the Action  
6 returns or destroys all of its copies, regardless of the medium in which it was stored. No witness or  
7 Party may retain designated information that it received from any other Party or non-party under this  
8 Protective Order; only counsel of record, or co-counsel, are the authorized agents who may retain one  
9 copy for their respective legal files, and who must also describe to the Designating Party the extra  
10 steps taken to protect its legal file containing paper and/or electronic copies of the designated  
11 information so that it is not accessed, used, or disclosed inconsistently with the obligations under this  
12 Protective Order. This provision does not apply to the Court or Court staff. Moreover, this provision  
13 does not apply to Trustee, who may retain and use – consistent with this Order – Confidential  
14 Information received in any Action during the entirety of the Bankruptcy.

15           7.2    Continued Restrictions Under this Protective Order: The restrictions on disclosure and  
16 use of Confidential Information shall survive the conclusion of the Bankruptcy case and any matter  
17 in the Action.

18           **8. PRIVILEGED OR PROTECTED INFORMATION**

19           8.1    Nothing in this Protective Order shall require disclosure of information that is  
20 protected by the attorney-client privilege, the work-product protection, or any other legally cognizable  
21 privilege (a “Privilege or Protection”). If information subject to a claim of Privilege or Protection is  
22 inadvertently produced, pursuant to Federal Rule of Evidence 502(d) such production shall not  
23 constitute a waiver of, or estoppel as to, any claim of Privilege or Protection for such information or  
24 any other information that may be protected from disclosure by a Privilege or Protection in any  
25 proceeding.

26           8.2    If a Party receives a document that appears to be subject to a Privilege or Protection,  
27 then it shall refrain from examining the document any more than is essential to ascertain if it is  
28 privileged or protected and shall promptly notify the producing Party in writing that the receiving



1 Party possesses material that appears to be subject to a Privilege or Protection. The producing Party  
2 shall have seven (7) days after receiving such notice to assert a Privilege or Protection over the  
3 identified material. If the producing Party does not assert a claim of Privilege or Protection within the  
4 seven (7)-day period, the material in question shall be deemed not privileged or protected.

5 8.3 If a producing Party has produced a document subject to a claim of Privilege or  
6 Protection, upon written request by the producing Party, the document for which a claim of Privilege  
7 or Protection is made shall be sequestered or destroyed to the extent reasonably practicable, and the  
8 receiving Party shall not use the document for any purpose other than in connection with analyzing  
9 or disputing a claim of Privilege or Protection or in connection with a motion to compel the production  
10 of the document.

11 8.4 The receiving Party sequestering or destroying such material may then move the Court  
12 for an order compelling production of the material. The applicable producing Party bears the burden  
13 of establishing the applicable Privilege or Protection of any clawed-back document or information as  
14 and to the same extent that it would have borne such burden had it not produced the document or  
15 information. Nothing in this Protective Order shall limit the Court's right or any receiving Party's  
16 right to request an in camera review of any information subject to a claim of Privilege or Protection.

17  
18 ###

19  
20  
21  
22  
23 Date: June 3, 2024

24   
Scott C. Clarkson  
United States Bankruptcy Judge

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28

EXHIBIT "A"

1 Christopher B. Ghio (State Bar No. 259094)  
Christopher Celentino (State Bar No. 131688)  
2 Yosina M. Lissebeck (State Bar No. 201654)  
**DINSMORE & SHOHL LLP**  
3 655 West Broadway, Suite 800  
San Diego, CA 92101  
4 Telephone: 619.400.0500  
Facsimile: 619.400.0501  
5 christopher.ghio@dinsmore.com  
christopher.celentino@dinsmore.com  
6 yosina.lissebeck@dinsmore.com

7 Sarah S. Mattingly (Ky. Bar 94257)  
**DINSMORE & SHOHL, LLP**  
8 101 S. Fifth Street, Suite 2500  
Louisville, KY 40202  
9 Telephone: 859-425-1096  
Facsimile: 502-585-2207  
10 Sarah.mattingly@dinsmore.com  
(Admitted pro hac vice)

11 Special Counsel to Richard A. Marshack,  
12 Chapter 11 Trustee

13  
14  
15 **UNITED STATES BANKRUPTCY COURT**  
16 **CENTRAL DISTRICT OF CALIFORNIA**

17  
18 In Re

19  
20 The Litigation Practice Group P.C.,  
21 Debtor(s),

Case No. 8:23-BK-10571-SC

Chapter 11

**EXHIBIT A TO STIPULATED  
ORDER**

Date: May 23, 2024

Time: 1:30 p.m.

Judge: Hon. Scott C. Clarkson

Place: Courtroom 5C<sup>1</sup> - Via Zoom  
411 W. Fourth Street  
Santa Ana, CA 92701

22  
23  
24  
25  
26  
27  
28 <sup>1</sup> Video and audio connection information for each hearing will be provided on Judge Clarkson's  
publicly posted hearing calendar, which may be viewed online at:  
<http://ecf-ciao.cacb.uscourts.gov/CiaoPosted/?jid=SC>.

1 This is to certify that:

2 (a) I am being given access to Confidential Information pursuant to the  
3 Stipulated Protective Order that was entered into the main bankruptcy case for  
4 Litigation Practice Group, but which is binding and controlling as set forth by the  
5 Court's Order on any and all contested matters and any and all litigation commenced  
6 by Trustee;

7 (b) I have read the Stipulated Protective Order; and

8 (c) I agree to be bound by the terms and conditions thereof, including,  
9 without limitation, to the obligations regarding the use, non-disclosure and return of  
10 such Confidential Information. I further agree that in addition to being contractually  
11 bound by the Stipulated Protective Order, I am subject to the jurisdiction of the above  
12 reference Court for any violation thereof.

13

14 Date: \_\_\_\_\_

15

16 \_\_\_\_\_  
Signature

17

18 \_\_\_\_\_  
Printed Name

19

20

21

22

23

24

25

26

27

28

# EXHIBIT 2

## Entity Information

### Entity Information

**Entity Name:**

CRI SYSTEM, INC.

**Entity Number:**

E27061242022-0

**Entity Type:**

Domestic Corporation (78)

**Entity Status:**

Revoked

**Formation Date:**

10/21/2022

**NV Business ID:**

NV20222607563

**Termination Date:****Annual Report Due Date:**

10/31/2023

**Compliance Hold:**

### Registered AGENT INFORMATION

**Name of Individual or Legal Entity:**

**Status:**

Active

**CRA Agent Entity Type:**

**Registered Agent Type:**

Non-Commercial Registered Agent

**NV Business ID:**

**Office or Position:**

**Jurisdiction:**

**Street Address:**

1455 Tropicana Ste 800, Las Vegas, NV, 89119, USA

**Mailing Address:**

**OFFICER INFORMATION**

☐ View Historical Data

Title	Name	Address	Last Updated	Status
President	Edward J Quiroz III	1455 Tropicana Ave, 800, Las Vegas, NV, 89119, USA	10/21/2022	Active

Page 1 of 1, records 1 to 1 of 1

**CURRENT SHARES**

Class/Series	Type	Share Number	Value
	Common	1,000,000	1

Page 1 of 1, records 1 to 1 of 1

Number of No Par Value Shares:

**0**

Total Authorized Capital:

**1,000,000**

[Filing History](#)

[Name History](#)

[Mergers/Conversions](#)

[Return to Search](#)

[Return to Results](#)



# EXHIBIT 3

Bank Name	Account Name	Account Number	Statement Date	Transaction Date	Check Number	Debit/Charge	Memo
Chase	The Litigation Practice Group PC	3158	11/30/2022	11/14/2022		75,000.00	Book Transtar Debit NC: Cri System, Inc. Las Vegas NV 89119-8325 US Rot: Capitol Commitment - Payment 1 ot 4 Tm: 839680031 4Jo
Chase	The Litigation Practice Group PC	3158	11/30/2022	11/23/2022		75,000.00	Book Tranator Debit NC: Cri System, Inc. Las Vegas NV 89119-8326 US Ret: Lead Generation Tm. 5269300327Jo
Chase	The Litigation Practice Group PC	3133	12/31/2022	12/5/2022		953.33	Book Trsnster Debit NC: Cri System, Inc. Las Vegas NV 89119-8326 US Ret: Weekly Disbursement Tm 5572600339Jo
Chase	The Litigation Practice Group PC	3133	12/31/2022	12/7/2022		75,000.00	Book Transfer Debit NC: Cri System, Inc. Las Vegas NV 89119-8326 US Ret: Payroll Tm: 6894900341Jo
Chase	The Litigation Practice Group PC	3133	12/31/2022	12/9/2022		439.81	Book Trsnster Debit NC: Cmi System, Inc. Las Vegas NV 89119-8326 US Ret: Weekly Disbursement Tm: 6581 000343Jo
Chase	The Litigation Practice Group PC	3133	12/31/2022	12/19/2022		1,028.28	Rook Transfer Debit NC: Cri System, Inc. Las Vegas NV 89119-0326 US Ret: Weekly Disbursement Tm 6057400353Jo
Chase	The Litigation Practice Group PC	3133	12/31/2022	12/27/2022		2,297.39	Book Transfer Debit NC: Cri System, Inc. Lea Vegas NV 89119-8328 US Ret: Weekly Disbursement Tm: 4801 000361Jo
Bank of America	Litigation Practice Group PC	6457	12/31/2022	12/27/2022		333.00	TRANSFER LITIGATION PRACTICE :CRI System Inc Confrlmation# 0217623694
Chase	The Litigation Practice Group PC	3133	12/31/2022	12/30/2022		1,641.38	Book Trenster Debit NC: Cri System, Inc. Lee Vegas NV 89119-8326 US Ret: Weekly Disbursement Tm: 5571 900364Jo
Chase	The Litigation Practice Group PC	3133	1/31/2023	1/3/2023		15,000.00	Book Transfer Debit NC: Cmi System, Inc. Las Vegas NV 89119-6326 US Ret: 12 30.22 Tm: 6047100364Jo
Bank of America	Litigation Practice Group PC	6457	1/31/2023	1/5/2023		60,000.00	WIRETYPE:WIRE OUT DATE230105 TIME:1057 ETTRN:2023010500321053 SERVICE REF:391 579 BNF:CRI SYSTEM INC ID: BNF BKJPMORGAN CHASE BANK, N. ID: PMT DET:420283464 FINAL PAYME NT
Chase	The Litigation Practice Group PC	3133	1/31/2023	1/6/2023		1,808.99	Book Trenster Debit NC: Cri System, Inc. Lee Vegee NV 89119-6326 US Ret: Weekly Disbursement Tm: 471 7400006Jo
Bank of America	Litigation Practice Group PC	6457	1/31/2023	1/18/2023		7,500.00	WIRE TYPE:WIRE OUT DATE2301 18 T1ME0528 ET TRN:202301 1700846980 SERVICE REF233407 BNF:CRI SYSTEM INC ID: 002 BNF BKJPMORGAN CH ASE BANK, N. ID: PMT DET:421 8521 58
Bank of America	Litigation Practice Group PC	6457	1/31/2023	1/19/2023		7,500.00	WIRE TYPE:WIRE OUT DATE2301 19 TIME:0448 ET TRN:202301 1900096282 SERVICE REF223539 BNF:CRI SYSTEM INC ID:9 BNF BKJPMORGAN CH ASE BANK, N. ID: 2 PMT DET:42201 8338
Chase	The Litigation Practice Group PC	3133	1/31/2023	1/24/2023		3,493.88	Book Transfer Debit NC: Cri System, Inc. Las Vegas NV 89119-8326 US Ref: Weekly Disbursement Ire 5570400024Jo
Chase	The Litigation Practice Group PC	3133	1/31/2023	1/26/2023		5,000.00	Book Transfer Debit NC: Cri System, Inc. Las Vegas NV 89119-8326 US Ire: 5991 300026Jo
Bank of America	Litigation Practice Group PC	6457	1/31/2023	1/26/2023		100,000.00	WIRE TYPEWIRE OUT DATE230126 TIME1 532 ETTRN2023012600440689 SERVICE REF:400134 BNF:CRI SYSTEM, INC ID: BNF BKJPMORGAN CHASE BANK, N. ID: PMT DET:M9ZG6E5LP
Bank of America	Litigation Practice Group PC	6457	2/28/2023	2/7/2023		100,000.00	WIRE TYPEWIRE OUT DATEQ30207 TIME:1 614 ET TRNQ023020700433743 SERVICE REF:469954 BNF:CRI SYSTEMS INC ID: 2 BNF BKJPMORGAN C HASE BANK, N. 10: PMT DET:424837802 FINAL PAYM ENT
Chase	The Litigation Practice Group PC	3133	2/28/2023	2/7/2023		2,376.37	Book Transfer Debit NC: Cri System, Inc. Las Vegas NV 89119-8326 US Ref: Weekly Disbursement Trn: 6667200038Jo
Bank of America	Litigation Practice Group PC	6538	2/28/2023	2/9/2023		2,459.65	WIRE TYPE:WIRE OUT DATE:230209 TIME:1 623 ET TRN:2023020900445606 SERVICE REFO1 4947 BNF:CRI SYSTEMS INC ID: BNF BKJPMORGAN CHASE BANK, NA 1D PMT DETA8JCSATSF POP Other
						536,832.08	

# EXHIBIT 4

Bank Name	Account Name	Account Number	Statement Date	Transaction Date	Check Number	Credit/Deposit	Debit/Charge	Memo
Chase	The Litigation Practice Group PC	3133	12/31/2022	12/27/2022			2,297.39	Book Transfer Debit NC: Cri System, Inc. Lea Vegas NV 89119-8328 US Ret: Weekly Disbursement Tm: 4801 000364Jo
Bank of America	Litigation Practice Group PC	6457	12/31/2022	12/27/2022			333.00	TRANSFER LITIGATION PRACTICE :CRI System Inc Confirmation# 0217623694
Chase	The Litigation Practice Group PC	3133	12/31/2022	12/30/2022			1,641.38	Book Trenster Debit NC: Cri System, Inc. Lee Vegas NV 89119-8326 US Ret: Weekly Disbursement Tm: 5571 900364Jo
Bank of America	Litigation Practice Group PC	6457	12/31/2022	12/30/2022		333.00		REVERSAL LITIGATION PRACTICE :CRI System Inc Confirmation# 0240632825 valuable information on a wide of business topics
Chase	The Litigation Practice Group PC	3133	1/31/2023	1/3/2023			15,000.00	Book Transfer Debit NC: Cmi System, Inc. Las Vegas NV 89119-6326 US Ret: 12 30.22 Tm: 6047100364Jo
Bank of America	Litigation Practice Group PC	6457	1/31/2023	1/5/2023			60,000.00	WIRETYPE:WIRE OUT DATE230105 TIME:1057 ETTRN:2023010500321053 SERVICE REF:391 579 BNF:CRI SYSTEM INC ID: 2 BNF BKJPMORGAN CHASE BANK, N. ID: PMT DET:420283464 FINAL PAYME NT
Chase	The Litigation Practice Group PC	3133	1/31/2023	1/6/2023			1,808.99	Book Trenster Debit NC: Cri System, Inc. Lee Vegee NV 89119-6326 US Ret: Weekly Disbursement Tm: 471 7400006Jo
Bank of America	Litigation Practice Group PC	6457	1/31/2023	1/18/2023			7,500.00	WIRE TYPE:WIRE OUT DATE2301 18 T1ME0528 ET TRN:202301 1700846980 SERVICE REF233407 BNF:CRI SYSTEM INC ID: BNF BKJPMORGAN CH ASE BANK, N. ID: PMT DET:421 8521 58
Bank of America	Litigation Practice Group PC	6457	1/31/2023	1/19/2023			7,500.00	WIRE TYPE:WIRE OUT DATE2301 19 TIME:0448 ET TRN:202301 1900096282 SERVICE REF223539 BNF:CRI SYSTEM INC ID: BNF BKJPMORGAN CH ASE BANK, N. ID: 2 PMT DET:42201 8338
Chase	The Litigation Practice Group PC	3133	1/31/2023	1/24/2023			3,493.88	Book Transfer Debit NC: Cri System, Inc. Las Vegas NV 89119-8326 US Ref: Weekly Disbursement Ire 5570400024Jo
Chase	The Litigation Practice Group PC	3133	1/31/2023	1/26/2023			5,000.00	Book Transfer Debit NC: Cri System, Inc. Las Vegas NV 89119-8326 US Ire: 5991 300026Jo
Bank of America	Litigation Practice Group PC	6457	1/31/2023	1/26/2023			100,000.00	WIRE TYPEWIRE OUT DATE230126 TIME1 532 ETTRN:2023012600440689 SERVICE REF:400134 BNF:CRI SYSTEM, INC ID: BNF BKJPMORGAN CHASE BANK, N. ID: PMT DET:M9ZG6ESLP
Bank of America	Litigation Practice Group PC	6457	2/28/2023	2/7/2023			100,000.00	WIRE TYPEWIRE OUT DATEQ3O207 TIME:1 614 ET TRNQ023020700433743 SERVICE REF:469954 BNF:CRI SYSTEMS INC ID: BNF BKJPMORGAN C HASE BANK, N. ID: PMT DET:424837802 FINAL PAYM ENT
Chase	The Litigation Practice Group PC	3133	2/28/2023	2/7/2023			2,376.37	Book Transfer Debit NC: Cri System, Inc. Las Vegas NV 89119-8326 US Ref: Weekly Disbursement Trn: 6667200038Jo
Bank of America	Litigation Practice Group PC	6538	2/28/2023	2/9/2023			2,459.65	WIRE TYPE:WIRE OUT DATE:230209 TIME:1 623 ET TRN:2023020900445606 SERVICE REFO1 4947 BNF:CRI SYSTEMS INC ID: BNF BKJPMORGAN CHASE BANK, NA ID: PMT DETA8JCSATSF POP Other
						333.00	309,410.66	

# ADVERARY PROCEEDING COVER SHEET

B1040 (FORM 1040) (12/24)

<b>ADVERSARY PROCEEDING COVER SHEET</b> (Instructions on Reverse)		<b>ADVERSARY PROCEEDING NUMBER</b> (Court Use Only)
<b>PLAINTIFFS</b> Richard A. Marshack, Trustee of the LPG Liquidation Trust	<b>DEFENDANTS</b> Edward J. Quiroz, III, an Individual	
<b>ATTORNEYS</b> (Firm Name, Address, and Telephone No.) Yosina M. Lissebeck (SBN 201654) Jacob R. Bothamley (319457) <b>DINSMORE &amp; SHOHL LLP</b> 655 West Broadway, Suite 800 San Diego, CA 92101 Telephone (619) 400-0500 yosina.lissebeck@dinsmore.com Jacob.bothamley@dinsmore.com	<b>ATTORNEYS</b> (If Known)	
<b>PARTY</b> (Check One Box Only) <input type="checkbox"/> Debtor <input type="checkbox"/> U.S. Trustee/Bankruptcy Admin <input type="checkbox"/> Creditor <input type="checkbox"/> Other <input checked="" type="checkbox"/> Trustee	<b>PARTY</b> (Check One Box Only) <input type="checkbox"/> Debtor <input type="checkbox"/> U.S. Trustee/Bankruptcy Admin <input type="checkbox"/> Creditor <input checked="" type="checkbox"/> Other <input type="checkbox"/> Trustee	
<b>CAUSE OF ACTION</b> (WRITE A BRIEF STATEMENT OF CAUSE OF ACTION, INCLUDING ALL U.S. STATUTES INVOLVED) (1) Aiding and Abetting		
<b>NATURE OF SUIT</b> (Number up to five (5) boxes starting with lead cause of action as 1, first alternative cause as 2, second alternative cause as 3, etc.)		
<b>FRBP 7001(a) – Recovery of Money/Property</b> <input type="checkbox"/> 11-Recovery of money/property - §542 turnover of property <input checked="" type="checkbox"/> 12-Recovery of money/property - §547 preference <input checked="" type="checkbox"/> 13-Recovery of money/property - §548 fraudulent transfer <input type="checkbox"/> 14-Recovery of money/property - other  <b>FRBP 7001(b) – Validity, Priority or Extent of Lien</b> <input type="checkbox"/> 21-Validity, priority or extent of lien or other interest in property  <b>FRBP 7001(c) – Approval of Sale of Property</b> <input type="checkbox"/> 31-Approval of sale of property of estate and of a co-owner - §363(h)  <b>FRBP 7001(d) – Objection/Revocation of Discharge</b> <input type="checkbox"/> 41-Objection / revocation of discharge - §727(c),(d),(e)  <b>FRBP 7001(e) – Revocation of Confirmation</b> <input type="checkbox"/> 51-Revocation of confirmation  <b>FRBP 7001(f) – Dischargeability</b> <input type="checkbox"/> 66-Dischargeability - §523(a)(1),(14),(14A) priority tax claims <input type="checkbox"/> 62-Dischargeability - §523(a)(2), false pretenses, false representation, actual fraud <input type="checkbox"/> 67-Dischargeability - §523(a)(4), fraud as fiduciary, embezzlement, larceny  (continued next column)	<b>FRBP 7001(f) – Dischargeability (continued)</b> <input type="checkbox"/> 61-Dischargeability - §523(a)(5), domestic support <input type="checkbox"/> 68-Dischargeability - §523(a)(6), willful and malicious injury <input type="checkbox"/> 63-Dischargeability - §523(a)(8), student loan <input type="checkbox"/> 64-Dischargeability - §523(a)(15), divorce or separation obligation (other than domestic support) <input type="checkbox"/> 65-Dischargeability - other  <b>FRBP 7001(g) – Injunctive Relief</b> <input type="checkbox"/> 71-Injunctive relief- imposition of stay <input type="checkbox"/> 72-Injunctive relief - other  <b>FRBP 7001(h) Subordination of Claim or Interest</b> <input type="checkbox"/> 81-Subordination of claim or interest  <b>FRBP 7001(i) Declaratory Judgment</b> <input type="checkbox"/> 91-Declaratory judgment  <b>FRBP 7001(j) Determination of Removed Action</b> <input type="checkbox"/> 01-Determination of remove d claim or cause  <b>Other</b> <input type="checkbox"/> SS-SIPA Case - 15 U.S.C. §§78aaa <i>et seq.</i> <input checked="" type="checkbox"/> 02-Other (e.g. other actions that would have been brought in state court if unrelated to bankruptcy case)	
<input type="checkbox"/> Check if this case involves a substantive issue of state law	<input type="checkbox"/> Check if this is asserted to be a class action under FRCP 23	
<input type="checkbox"/> Check if a jury trial is demanded in complaint	Demand \$ 536,832.08	
Other Relief Sought		

**B1040 (FORM 1040) (12/24)**

BANKRUPTCY CASE IN WHICH THIS ADVERSARY PROCEEDING ARISES		
NAME OF DEBTOR The Litigation Practice Group P.C.		BANKRUPTCY CASE NO. 8:23-bk-10571-SC
DISTRICT IN WHICH CASE IS PENDING Central District of California	DIVISION OFFICE Santa Ana	NAME OF JUDGE Scott C. Clarkson
RELATED ADVERSARY PROCEEDING (IF ANY)		
PLAINTIFF	DEFENDANT	ADVERSARY PROCEEDING NO.
DISTRICT IN WHICH ADVERSARY IS PENDING	DIVISION OFFICE	NAME OF JUDGE
SIGNATURE OF ATTORNEY (OR PLAINTIFF) /s/ Jacob R. Bothamley		
DATE March 19, 2025	PRINT NAME OF ATTORNEY (OR PLAINTIFF) Yosina M. Lissebeck Jacob R. Bothamley Attorneys for Plaintiff, Richard A. Marshack, Trustee of the LPG Liquidation Trust	

### INSTRUCTIONS

The filing of a bankruptcy case creates an “estate” under the jurisdiction of the bankruptcy court which consists of all of the property of the debtor, wherever that property is located. Because the bankruptcy estate is so extensive and the jurisdiction of the court so broad, there may be lawsuits over the property or property rights of the estate. There also may be lawsuits concerning the debtor’s discharge. If such a lawsuit is filed in a bankruptcy court, it is called an adversary proceeding.

A party filing an adversary proceeding must also complete and file Form 1040, the Adversary Proceeding Cover Sheet, unless the party files the adversary proceeding electronically through the court’s Case Management/Electronic Case Filing system (CM/ECF). (CM/ECF captures the information on Form 1040 as part of the filing process.) When completed, the cover sheet summarizes basic information on the adversary proceeding. The clerk of court needs the information to process the adversary proceeding and prepare required statistical reports on court activity.

The cover sheet and the information contained on it do not replace or supplement the filing and service of pleadings or other papers as required by law, the Bankruptcy Rules, or the local rules of court. The cover sheet, which is largely self-explanatory, must be completed by the plaintiff’s attorney (or by the plaintiff if the plaintiff is not represented by an attorney). A separate cover sheet must be submitted to the clerk for each complaint filed.

**Plaintiffs and Defendants.** Give the names of the plaintiffs and defendants exactly as they appear on the complaint.

**Attorneys.** Give the names and addresses of the attorneys, if known.

**Party.** Check the most appropriate box in the first column for the plaintiffs and the second column for the defendants.

**Demand.** Enter the dollar amount being demanded in the complaint.

**Signature.** This cover sheet must be signed by the attorney of record in the box on the second page of the form. If the plaintiff is represented by a law firm, a member of the firm must sign. If the plaintiff is pro se, that is, not represented by an attorney, the plaintiff must sign.